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Industrial Buildings: Brisk Sales

Hot Areas Gowanus, Wmsburg, Study Finds

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BROOKLYN — With all the conversion of industrial buildings to residential use in so many parts of Brooklyn, it might come as a surprise that there is still a significant and brisk real estate business in those properties. In 2007, according to newly released data, there were 101 business transactions for industrial properties in Brooklyn totaling about \$270 million.

This data has been collected and reported by a new Brooklyn-based commercial real estate firm called TerraCRG to focus exclusively on commercial transactions. Only warehouses, factory and industrial buildings and garages were included in the report, and only if they are an M-zoned property.

Also, only transactions above \$400,000 were included; parking lots, vacant lots and gas stations were not included. Although sales results for 2007 dropped about \$100 million from 2006, the price per square foot went up sharply to just less than \$200 per square foot from \$157, according to Ofer Cohen, principal of TerraCRG. Owners, however, tend to hold on to their possessions.

There are 5,968 M-zoned properties in Brooklyn, and the turnover of these last year was only 1.7 percent. Low turnover can be expected for sometime as these properties tend to appreciate.

The neighborhood leaders in 2007 were Williamsburg and Gowanus, with 15 sales, and Sunset Park, with 17. The overall leader in 2006 was Bedford Stuyvesant-Brownsville with 20 turnovers, but that community dropped off to four last year. Greenpoint had 14 transactions in 2006, but that record fell to seven in 2007

Public policy may impact these numbers in the future. Gowanus, which contains a large number of industrial buildings, will be rezoned probably this year and its inventory of industrial properties will most likely decline as some of them will be rezoned for residential or retail use.

There were no transactions in Red Hook in the last two years, and there probably won't be in the future. Any appropriate buildings will probably be converted to residential use. And there won't be any transfers in the Columbia Street Waterfront District because of a deal cut by the city and the containerport. And the money to be made in DUMBO will continue to be in residential.

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